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ECONOMIC AND SOCIAL COUNCIL

ECONOMIC COMMISSION FOR AFRICA

LG/NAIROBI

DRAFT REPORT OF THE SECOND SESSION OF THE CONFERENCE OF AFRICAN MINISTERS OF FINANCE AND GOVERNORS OF CENTRAL BANKS ON THE ESTABLISHMENT OF THE AFRICAN MONETARY FUND

A. INTRODUCTION

1. Pursuant to the Economic Commission for Africa's Conference of Ministers resolution 541(XX) of 23 April 1985 which formally established the Conference of African Ministers of Finance to deal with all issues relating to money and finance, the second session of the Conference of African Ministers of Finance was held in Libreville, Gabon from 15 to 21 June 1986. Previously, the Conference of African Ministers of Finance had met in Addis Ababa in June 1984 to consider Africa's External Indebtedness. The purpose of the Conference was twofold: first to consider the reports of the second, third and fourth meetings of the Inter-Governmental Group of Experts on the Establishment of an African Monetary Fund, and to take a decision on the proposed Articles of Agreement and secondly, to consider the progress report on the preparations for an International Conference on Africa's External Indebtedness proposed by the African Heads of State and Government at their summit held in July 1985.

B. ATTENDANCE

2. The Conference of African Ministers of Finance was attended by representatives of the following thirty-five countries: Algeria, Benin, Burundi, Cameroon, Cape Verde, Central African Republic, Chad, Comoros, Congo, Côte d'Ivoire, Egypt, Equatorial Guinea, Gabon, Ghana, Gambia, Guinea, Lesotho, Libyan Arab Jamahiriya, Malawi, Mauritania, Morocco, Niger, Nigeria, Rwanda, Sao Tome and Principe, Senegal, Sierra Leone, Sudan, Togo, Tunisia, Uganda, United Republic of Tanzania, Zaire, Zambia and Zimbabwe.

3. Representatives of the following institutions attended the Conference as observers: Arab Monetary Fund (AMF), Banque centrale des Etats de l'Afrique de l'Ouest (BCEAO), Banque de developpement des Etats de l'Afrique centrale(BDEAC), Banque des Etats de l'Afrique centrale (BEAC), Banque ouest-africaine de developpement (BOAD), Communauté economique des Etats de l'Afrique centrale (CEEAC), International Monetary Fund (IMF), Union douaniere des Etats de l'Afrique centrale (UDEAC), United Nations Conference on Trade and Development (UNCTAD), West African Clearing House (WACH).

4. The meeting was serviced by the secretariats of the Economic Commission for Africa (ECA) and the Organization of African Unity (OAU) assisted by the African Development Bank and the African Centre for Monetary Studies.

C. OPENING OF THE CONFERENCE

5. In his statement, Prof. Adebayo Adedeji, United Nations Under-Secretary-General and Executive Secretary of the Economic Commission for Africa, expressed his deep gratitude to His Excellency Al Hadj Omar Bongo, President of the Republic of Gabon, the Government and people of Gabon for their offer to host the Conference and for the warm welcome extended to participants. The Executive Secretary also thanked the Government and people of Algeria for their generous contribution to the United Nations Trust Fund for African Development which enabled the Economic Commission for Africa (ECA) to prepare the feasibility study

and other documents relating to the establishment of the African Monetary Fund and for convening the meetings of the Intergovernmental Expert Group. He emphasized that following the decision of our Heads of State and Governments, the question before the Ministers was not whether or not to establish an African Monetary Fund but rather how best to establish such a Fund.

6. After highlighting some of the main causes of the crisis through which Africa is going at the moment he pointed out that the African Monetary Fund, once established, would assist in eliminating some of the problems in monetary and financial co-operation which would strengthen Africa's capacity to deal with future crisis should they occur. In this respect, he pointed out that the experts had made firm recommendations on a number of important issues and the Conference of Ministers was expected to take decisions on them. He also requested the Conference to pay special attention to outstanding issues which the experts could not resolve, namely (a) definition of membership in the Fund (b) whether or not to open the capital of the Fund to external participation and if so to what extent (c) whether or not payment of subscriptions should be made in both convertible and national currencies and in what proportions and (d) the size of the Board of Executive Directors and whether or not they should be resident at the Headquarters of the Fund from the date of commencement of its operations.

7. In his statement Mr. Ide Oumarou, Secretary General of the Organization of African Unity, expressed his thanks to His Excellency Al Hadj Omar Bongo, President of the Republic of Gabon as well as to the Government and people of Gabon for their generous offer to host the Conference of Ministers of Finance and for the warm welcome extended to the participants since their arrival. He enumerated some of the important African meetings that the Republic of Gabon had hosted in the past and which clearly demonstrated the commitment of the Republic of Gabon and it's President to unity and peace in Africa. He went on to state that the present meeting had a very precise agenda, namely, the consideration of the mechanisms for establishing an African Monetary Fund and preparation for an international Conference on Africa's external indebtedness requested by OAU.

8. With regard to the recent Special Session of the United Nations' General Assembly on Africa's economic crisis, he pointed out that Africa's partners made it clear during the session that money must be earned through hard work, efficient organization and mobilisation and good use of the resources of the African continent. Africa should therefore implement all the provisions of the African document that Africans, themselves have elaborated. Finally, he thanked the Secretariats of the Economic Commission for Africa (ECA), the African Development Bank (ADB), the African Centre for Monetary Studies (ACMS) and the African Central Banks for the good work they have put together with the Organization of African Unity (OAU) in preparing for this meeting.

9. In formally opening the Conference, His Excellency Mr. Leon Mebiame, Prime Minister of the Republic of Gabon, on behalf of His Excellency Al Hadj Omar Bongo, President of the Republic of Gabon and on behalf of the Government and people of Gabon welcomed the Ministers to Libreville, the capital city of Gabon. He assured them that the Republic of Gabon felt honoured to host such a Conference on its territory and hoped that the facilities put at the disposal of the Conference would enable the participants to conclude their deliberations.

10. He went on to highlight some of the major factors contributing to the present African economic crisis and particularly the external monetary anf financial factors over which Africa has no control whatsoever. This, the Prime Minister said, was mainly due to the absence of an African mechanism for consultations and for the adoption of common positions vis a-vis international monetary and financial problems. The establishment of an African Monetary Fund would go a long way towards overcoming this handicap and strengthening Africa's negotiating capacity within the world's monetary and financial system. Africa should rely on itself first and devise the mechanisms necessary for such self-reliance.

11. The Prime Minister, then recalled some of the problems generated by the external debt crisis and the burden which such a crisis has put on the prospects for Africa's economic development. With regard to the proposed international conference on Africa's external indebtedness called for by the 21st Summit of the Heads of State and Government of the Organization of African Unity, the Prime Minister hoped that the Ministers would come up with concrete suggestions on the preparation for the conference whose success was of prime importance for the continent.

12. He then declared the session of the Conference of African Ministers of Finance open.

B. ELECTION OF THE BUREAU (Agenda item 3)

13. The Conference elected the following Bureau:

Chairman	Gabon
First Vice-Chairman	Sierra Leone
Second Vice-Chairman	Tunisia
Third Vice-Chairman	Uganda
Rapporteur	Zambia

C. ADOPTION OF THE AGENDA AND PROGRAMME OF WORK (Agenda item 4)

14. The Conference adopted the following agenda:

1. Opening of the Conference
2. Adjournment of the Conference
3. Election of the bureau

5. Consideration of the reports of the Second and Third meetings of the Intergovernmental Group of Experts on the establishment of an African Monetary Fund

6. Consideration of issues on which the experts could not reach consensus:

   (a) Membership in the Fund;

   (b) whether or not to open the capital of the Fund to external participation and if so in what proportion;

   (c) whether or not payments of subscriptions by regional member States should be made in both convertible and national currencies and if so in what proportion;

   (d) the size of the Board of Executive Directors of the Fund and whether or not they should be resident at the principal offices of the Fund from the date of commencement of its operations.

7. Consideration of whether or not there should be an agreement establishing the Fund to which the Statutes should be annexed

8. Progress report on the preparations for an international Conference on Africa's external indebtedness.

9. Any other business

10. Adoption of the Report and closure of the meeting.

ACCOUNT OF PROCEEDINGS

F. CONSIDERATION OF THE REPORTS OF THE SECOND AND THIRD MEETINGS OF THE INTERGOVERNMENTAL GROUP OF EXPERTS ON THE ESTABLISHMENT OF AN AFRICAN MONETARY FUND (Agenda item 5)

15. The Conference considered reports from the respective Chairman of the second, third and fourth meetings of the Intergovernmental Group of Experts on the establishment of an African Monetary Fund. These reports outlined the progress made at the technical level in the establishment of the African Monetary Fund and highlighted the issues left unresolved by the meetings of experts namely: (a) membership of the Fund, (b) whether or not to allow external participation to the capital of the Fund and the share of such participation (c) whether or not part of the subscriptions to the capital of the Fund by regional member States should be paid in local currency and if so what should be the percentage; and (d) the size of the Board of Executive Directors of the Fund.

6. CONSIDERATION OF ISSUES ON WHICH THE MEETING COULD NOT REACH CONSENSUS AND CONSIDERATION OF MATTERS DO NOT THESE SHOULD BE AN AGREEMENT ESTABLISHING THE FUND TO WHICH THE STATUTES SHOULD BE ANNEXED(Agenda items 6 and 7)

16. The Conference debated at length on the proposal on the establishment of an African Monetary Fund. Two main viewpoints emerged from the debate. Some Ministers thought that the purpose of that meeting was to examine the opportunity of the establishment of an African Monetary Fund and stated that in their view the idea to establish the Fund was premature and that it needed more thinking. These Ministers also stated that the Fund as proposed in the feasibility study dealt with too many issues of a complex and technical nature which could jeopardize its functioning. They felt that at this stage of African development, emphasis should be placed on issues of economic integration other than the African Monetary Fund. According to them, the issues left unresolved by the experts required more technical analysis by the experts. Therefore, the establishment of an African Monetary Fund should not be rushed but should be the result of careful and extensive consultations.

17. Another group of Ministers felt that it was their understanding that the objective of the meeting was to consider and adopt the Articles of Agreement establishing the African Monetary Fund. It was clear to them that the recommendation contained in the Lagos Plan of Action was unequivocal with regard to the establishment of an African Monetary Fund as directed by the Heads of State and Government of the Organization of African Unity. The objective of the meeting was not to discuss whether or not to establish a Fund but rather to resolve the outstanding issues to enable member States to proceed with the actual establishment of an African Monetary Fund. They felt that all technical issues had been exhaustively discussed by the expert group meetings and that the four issues which remained unresolved were of a political nature to be resolved by the Ministers. It is in this context that the meeting should examine the reports of the experts and deal with issues left unresolved by the experts meeting.

18. Since the meeting could not reach a consensus, it was decided to adopt a resolution emphasizing member States commitment to the establishment of an African Monetary Fund. This resolution also established an Ad-hoc Committee to be called "The Committee of Libreville". It was understood that the Committee's membership would be composed of the bureau of the Conference but that all African countries would be invited to participate in the work of the Committee. Its terms of reference would be to speed up the establishment of an African Monetary Fund and to report to the next Conference of Ministers of Finance. The Committee was also charged with the responsibility of resolving all the outstanding issues and of making recommendations to the next Conference on how best the African Monetary Fund can be established. The full text of the resolution is attached to the present report as an annex.

H. PROGRESS REPORT ON THE ..EPA ATIONS FOR AN INTERNATIONAL CONFERENCE ON AFRICA'S EXTERNAL INDEBTEDNESS (Agenda item 8)

19. A representative of the joint secretariat briefed the reconvened conference on the progress made in the preparation for an International Conference on Africa's External Indebtedness. In this connection, he highlighted the outcome of the meeting of the secretariats of the Organization of African Unity, the Economic Commission for Africa, the African Development Bank and the African Centre for Monetary Studies held in Addis Ababa in December 1985. He also informed the Conference of the various meetings that the then Chairman of OAU, President Abdou Diouf of Senegal, had held with the Secretary General of the United Nations, the Managing Director of the International Monetary Fund, the President of the World Bank and other leaders of some institutions and governments as part of the preparations for the proposed international Conference on Africa's External Indebtedness.

20. The Conference, after examining the report from the joint secretariats felt that in view of the recent decisions adopted by the Special Session of the United Nations General Assembly on the Critical Economic Situation in Africa, the issue of convening an international conference on Africa's external debts should be carefully examined. It was agreed that the joint secretariat should continue to study the issues and present a full report to the next session of the conference.

I. ANY OTHER BUSINESS (Agenda item 9)

21. No issues were raised under this agenda item.

J. ADOPTION OF THE REPORT AND CLOSURE OF THE CONFERENCE (Agenda item 10)

22. The Conference requested the Secretariat to finalize the report of the meeting and present it for adoption to the next session. The Conference was closed by His Excellency Mr. Leon Mebiame, Prime Minister of the Republic of Gabon.

RESOLUTION OF THE CONFERENCE OF AFRICAN MINISTERS OF FINANCE OF THE ECONOMIC COMMISSION FOR AFRICA

The Conference of Ministers of Finance of the Economic Commission for Africa,

Recalling the decisions of the meeting of Heads of State and Government of the Organization of African Unity taken in Lagos in April 1980, relating in particular to the establishment of an African Monetary Fund,

Convinced of the need to establish such an institution in Africa,

Having taken note of the conclusions of the various meetings of experts and being aware of the complexity of the problems involved in establishing such a Fund,

Drawing inspiration from the advice given by His Excellency Al Hadj Omar Bongo, President of the Republic of Gabon, when he received all the African Ministers of Finance on 22 June 1985 at the Palais Renovation

1. Decides

(a) To continue its discussions in order to establish a viable and efficient body built on a solid foundation and thereby contribute to the economic and financial integration of the African continent

(b) To establish towards that end an ad hoc Ministerial Committee called the Committee of Libreville, composed of representatives of the five subregions of Africa. This Committee will be assisted by the secretariats of the Economic Commission for Africa, the Organization of African Unity, the African Development Bank and the African Centre for Monetary Studies;

(c) In the light of the conclusions of this Conference, the ad hoc Ministerial Committee should take all appropriate measures to ensure the speedy establishment of the African Monetary Fund and to present its report and recommendations to the next Conference of African Ministers of Finance.

Libreville (Gabon), 18-21 June 1986.

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Addis Ababa, 6-8 March 1977

ON THE FINANCIAL CRISIS FACING THE CONSTRUCTION
OF AFRICAN STATE PAPERS - PROCLAMATION
(NEW)

PAPERS FOR PRESENTATION AT THE SYMPOSIUM
S
OF THE HIGH COURT OF AFRICA
ESTABLISHED BY THE OAU
OF THE OAU/ECA SYMPOSIUM
ON AFRICAN HISTORY OF STATE

Addis Ababa
March 1977

I. PURPOSE

1. The Association of African Trade Promotion Organizations (AATPO) has a two-fold purpose in presenting this memorandum:

(a) AATPO was conceived, created and launched jointly by the Organization of African Unity (OAU) and the United Nations Economic Commission for Africa (ECA). Accordingly, AATPO functions under the joint auspices of the OAU and ECA. Indeed, this is expressively stated in Article I of the Association's Constitution. The Secretary-General of AATPO, therefore, considers it necessary, if not imperative, in the first instance, to bring the grave financial crisis, currently threatening the very existence of the Association, to the attention of the relevant organs of the OAU and ECA, viz., ninth meeting of the Joint ECA/OAU Conference of African Ministers of Trade and the ECA Council of Ministers. Hence this memorandum is addressed to these two distinguished groups of Ministers. (List of AATPO member States attached hereto as annex I.

(b) Apart from the critical financial situation, the operations of the Association have revealed serious, structural, weaknesses which demand early corrective attention. Accordingly, this memorandum also addresses itself to this problem, and suggests a two-pronged approach to the question of revitalizing the Association.

(i) Selective and critical amendments to the Association's Constitution; and

(ii) A retrenchment of the Association's budget.

2. While suggested amendments to the Constitution are inserted in the copy of the Constitution attached hereto as annex II, a suggested retrenched budget is attached hereto as annex I.

II. THE CURRENT STATE OF AFFAIRS

3. As already observed in Part I of this memorandum, the Association of African Trade Promotion Organizations (AATPO) currently suffers from two kinds of malaise:

(a) Lack of the wherewithal with which to pursue its assignment under its Constitution and the Lagos Plan of Action, and

(b) Certain structural weaknesses which reduce its effectiveness as a crossroads for contacts among its member States as well as a catalyst to the promotion of intra-African trade.

A. The Financial Crisis

4. AATPO member States currently owe the Association a total of $US 3,449,235.52 in arrears of their assessed contributions to the Association's budget for the period 1975-1986 (vide annex III hereto). Out of this amount:

(a) Debts which the Association owes for goods and services which it has been able to receive on credit over the period 1975-1986 stand at $US 678,845.69, of which $US 654,930.38 is owed to the Association's own staff, representing emoluments unpaid since March 1986.

(b) The balance of $US 3,770,389.83 represents the total of the amounts voted for the implementation of the Association's Programmes of Work in the period 1975-1986. It is the value of the services which AATPO should have rendered to the member States in that period, but which the member States have had to forego because they did not make available to AATPO the resources necessary for the implementation of the Programmes of Work.

5. In spite of these severe financial constraints, however, the Association has managed to render some significant services to the member States. Its success in that regard can only be described as remarkable, if not miraculous. To perform the feat, the Association has had to take recourse to two measures:

(a) Using resources obtained on credit. The continued production and publication of AFRICA TRADE, AATPO's quarterly periodical on intra-African trade and the Association's activities (page 6 below) the production and publication of the various directories (page 6), as well as the production and publication of perspectives on AATPO member States' trade (page 6) are cases in point; and

(b) Seeking, and where successful, utilizing technical and financial assistance from sources outside the assessed contributions of the member States. The Integrated Intra-African Trade Development Project (page 5 below) exemplifies this way of confronting the dearth of "domestic" resources of the Association.

B. The Structural Question

6. As at present constituted, the Association of African Trade Promotion Organizations (AATPO) lacks direct contact with the originators, formulaters and custodians of the member States' external trade policies. This seriously hampers the kind of co-ordination of trade policies on the continent envisaged in Article II of the Association's Constitution.

7. Current arrangements thus have a negative effect on the relations between the Association and the member States. For instance, access to the relevant political authorities of the member States for the Association's Secretary-General has proved particularly difficult because of this lack of direct link between the Association and the Trade policy makers in the member States.

8. Another, quite serious, negative effect of the present arrangements on the operations of AATPO is that member States have found it difficult to appreciate, for instance, that their being on AATPO's Bureau means in effect their being on the Association's Governing Board. As a result the Bureau has neither received the attention nor support of the policy making authorities of the member States.

III. AATPO'S POTENTIAL

9. The Association of African Trade Promotion Organizations (AATPO) is the only pan-African institution charged with catalyzing co-ordinated action by the African countries in the area of intra-African trade. In this connection it is necessary to underline its potential to carry out its mandate. This potential derives from four sources:

(a) What is assigned to it by its own Constitution. According to Article II of that Constitution, the main objectives of the Association are to:

(i) "Foster contact and regular flow of information and communication between African countries on trade matters;

(ii) "Assist in the harmonization of the commercial policies of African countries in order to promote intra-African trade; and

(iii) "Serve as an instrument for:

- The promotion of trade;
- Market research, and
- Export-oriented investments, particularly within Africa".

(b) What is assigned to it by the Lagos Plan of Action, both explicitly and implicitly. Paragraph 250, Section 3 of Chapter VII of the Plan, entitled TRADE AND FINANCE (OAU document ECM/ECO/9 (XIV) Rev.2), for instance, assigns a number of tasks to AATPO. Subsections (ii) and (iii) are particularly relevant in this regard.

(c) The confidence which the Association has earned internationally, and

(d) What the Association has actually achieved, particularly as a result of the international confidence mentioned at (c) above.

IV. AATPO'S ACHIEVEMENTS

10. The Association has to-date operated under severe financial constraints, as becomes obvious from the notes in Part II of this memorandum (page 2). Considering these constraints, AATPO's achievements are nothing less than remarkable, if not miraculous. Here below are summaries of those achievements.

A. Integrated Intra-African Trade Development

11. The Integrated Intra-African Trade Development Project has been the jewel in AATPO's crown of achievements. The project was implemented with technical and financial support from the European Economic Community and marks AATPO's entry into the area of direct promotion of trade among the African countries. The project consisted of:

(a) Supply and demand investigations of fruit and vegetables; hides and skins; meat and meat products, pharmaceuticals; vegetable oils; and wood and wood products in the following 14 AATPO's member States and other African countries (June-December 1984): Algeria, Cameroon, Cote d'Ivoire, Egypt, Ethiopia, Gabon, Ghana, Kenya, Mali, Morocco, Senegal, Sudan, Tunisia, and Zaire.

(b) Trade missions organized and conducted as follows:

(i) On hides and skins, to Egypt, mounted for Ethiopian and Sudanese exporters, July 1985; and

(ii) On wood and wood products, to Egypt and Tunisia, mounted for exporters from Cameroon and Ghana, September 1985.

(c) Follow-up Action taken as follows

(i) Workshop for Sudanese Exporters of hides and skins, Khartoum, June 1986

(ii) Workshop in Nairobi for Trade Promotion Officials from Ethiopia, Kenya, Somalia, Sudan and Uganda, June 1986

(iii) Workshop in Douala for Cameroonian exporters of wood and wood products, June 1986

(iv) Workshop in Douala, for Trade Promotion Officials from Cameroon, Gabon and Zaire, June 1986

(v) Workshop in Accra for Ghanaian exporters of wood and wood products July 1986, and

(vi) Workshop in Accra for Ghanaian and Liberian Trade Promotion Officials, July 1986.

B. Other Achievements

12. The rest of AATPO's achievements include

(a) The following Publications

(i) The best known of AATPO's publications is the periodical "LACU on African Trade" which is a quarterly publication of intra-African trade news

(ii) In addition, the Association has produced and is currently updating the older ones of the following directories

- Directory of African State Trading Organizations (1983, being updated)

- Directory of Trade Information Sources in Africa (1983, also under revision);

- Directory of Main Exporters and Importers of Food Products in Africa (1984)

- Bibliography on intra-African Trade (1986) and

- Calender of Trade Events in Africa (1985).

(iii) Another set of well-known AATPO publications are the economic monographs on the individual AATPO member States. Those already undertaken (some under revision or preparation) include

African Trade Perspectives: Cameroon (being completed
Egypt (being completed)
Ghana (1984)
Kenya (1985)
Libya (1983)
Morocco (1979, being revised)
Nigeria (1983)
Swaziland (1980)
Togo (1985)
Tunisia (1981)
Zambia (1981)
Zaire (1982)

Just begun are monographs on Ethiopia and Sudan.

(b) Trade Information Service

There is a fully-operational trade information service at AATPO Headquarters.

(c) Trade Information Missions

As part of a preliminary survey for the eventual establishment of a trade information data bank at ATTPO Headquarters, the Association in conjunction with Trade Information Service (TIS) of UNCTAD undertook early in 1984 a trade information mission to 10 AATPO member States.

(d) Seminars and Other Technical Meetings

The Association has todate organized seminars and other technical meetings as indicated below:

(i) Seminar on Trade Promotion by State Trading Organizations, organized jointly by ITC, PRODEC, UNCTAD and AATPO in Tangiers, Morocco, March 1980;

(ii) Seminar of Heads of African Trade Promotion Centres, organized jointly with UNECA, in Tangiers, Morocco, September 1980;

(iii) Symposium of Presidents and General Secretaries of African Chambers of Commerce, organized jointly by UNECA and AATPO, in Addis Ababa, Ethiopia, June 1981;

(iv) Symposium of Presidents and General Secretaries of African Chambers of Commerce, organized jointly with UNECA, in Harare, Zimbabwe, May 1982; and

(v) The six workshops organized in the period June-July 1986 as the final phase of the Integrated Intra-African Trade Development Project.

V. REVITALIZATION OF AATPO

13. As already indicated in Part I of this memorandum, a programme for revitalizing the Association has to address itself to the need for:

(a) Budgetary retrenchment, and

(b) A structural adjustment.

A. Budgetary Retrenchment

14. Although the budgets adopted by the Association's General Assembly in the period 1975-1986 have been realistic in that they have been commensurate with the member States' expectations from UNPTA, several of the member States have still complained that contributions they are called upon to make to the Association's budgets are too large. In this regard, two elements need to be explained:

(a) To begin with, the Association's budgets have been designed to cover not only the maintenance of the Secretariat but also the financing of the Association's Programmes of Work and it should be noted that, at the lowest possible level, a typical Programme of Work accounts for about one-third of the entire budget. Hence, in absolute terms, the Programmes of Work necessarily seem as if they inflate the budget and ipso facto the contributions which the member States are called upon to make to the Association's budget.

(b) However, in proportional terms, an effort to be fair and square with the member States has been made by the Association by basing its Scale of Assessment on that of the Organization of African Unity (Vide annex IV).

15. To accomodate the susceptibilities of the member States who have made budgetary complaints, then, the Secretary-General suggests a decoupling of the maintenance of the Secretariat from the financing of the Association's Programme of Work. This would have the overall effect of retrenching the Association's budget. The Secretary-General is convinced that such a retrenchment of UNPTA budget is indeed possible.

16. As observed in Part III of this memorandum, for instance, the Association has won the recognition and confidence of the international community at large. Consequently, provided the member States maintain the Secretariat, practically, if not absolutely, all the of the Association's Programmes of Work can now be carried out through co-operation between UNPTA and other (international and regional) institutions, thereby reducing by at least one third the contributions which the member States are currently called upon to make to the Association's budget.

17. In fact the Association has a proud history of fruitful co-operation with most of the following, other, institutions, and is already engaged in active consultations and negotiations for the purpose of co-operating and co-ordinating with them in the execution of programmes for the promotion of intra-African trade:

(a) European Economic Community (EEC);

(b) UNCTAD/GATT International Trade Centre (ITC);

(c) United Nations Volunteers (UNV);

(d) African Development Bank (ADB);

(e) United Nations Economic Commission for Africa (ECA);

(f) Organization of African Unity (OAU); and

(g) Several others (international, regional, subregional and national).

18. The basis of these consultations and negotiations is the Association's Medium Term Programme of Work at annex V hereto. Meanwhile a model of retrenched budget is attached as annex I.

19. The Association has also embarked on a programme the main aim of which is to make it financially self supporting within the next five years. The programme consists of

(a) Producing and selling high-quality literature on trade promotion matters, and

(b) Providing consultancy services on projects related to trade development and promotion.

The groundwork for the programme is already being laid.

4. Structural Adjustments

20. The strongest case for adjusting the Constitution of the Association is the need for the Association to have direct access to those responsible for the formulation and implementation of the member States' policies on external trade at the political level. As observed on page 4 of the memorandum, it is the bitter experience of the Association that its Secretary-General has generally been unable to have access to the Ministers in charge of these policies in the member States. Such lack of direct communication between the Association and its member States can only reduce, as it indeed has reduced, the effectiveness of ATPDC's pursuit of its assignment under Article II of its Constitution.

21. It is to remove such obstacles to essential intercourse between the Association and its principles - the member States - as well as other obstacles to the Association's performance of its tasks that the Secretary-General suggests, and has inserted, selected amendments to the Constitution of the Association attached as annex II hereto.

VI. CONCLUSION

22. It is the conviction of the Secretary-General of ATPDC that the Association is at a critical juncture in its existence. It is no longer possible for the crisis facing the Association to be simply ignored. It is time for decisive action to solve the problem. ATPDC must be revitalized or it must be dissolved. There is no half-way house as matters stand at present.

23. While the actual dues payable by the Association look modest against the total of the arrears of contributions from the member States, it is a very sad commentary on the Association that it has not paid emoluments due to its staff since the month of March 1986. It is unbelievable that the member States can countenance such a shameful situation.

24. The Secretary-General therefore appeals to the wisdom of the Honourable Ministers to take a decisive action on this matter. Either ATPDC has a useful role to play in the exciting task of developing our great continent or it has not.

25. If it is accepted as its Constitution avows and the Lagos Plan of Action endorses that the Association has this important role, then practical measures must be proposed and taken to revitalize and maintain it.

26. If it is, on the other hand, considered that Africa's development efforts do not need PATPO's contribution thereto - in other words, if it is considered that it was a mistake to setup PATPO in the first place - then again the Honourable Ministers must in their wisdom decide unambiguously that the Association is to be dissolved.

27. In that case, they must also make effective arrangements for and orderly process of dissolution. In particular, any arrangements for dissolution must provide for the liquidation of the debts now outstanding against the Association. Of these debts the most important are the debts now owed by the Association to its own staff for emoluments which it has not been able to pay to the staff since March 1986.

28. To say all this is not to advocate a dissolution of the Association. On the contrary, it is the strong conviction of the Secretary-General that PATPO has - not merely an important but - a crucial role to play in the economic development and self-sufficiency of our continent through the promotion of trade among the African countries. The Lagos Plan of Action did not take cognizance of this as an idle gesture. Therefore, if it were up to the Secretary-General to decide, he would have no hesitation in opting for the revitalization and maintenance of the Association, if need be under any other appellation. A rose by any other name smells just as sweet! Accordingly, this is the course of action which the Secretary-General recommends to the Honourable Ministers.

29. There is another reason why the Association should be revitalized and maintained rather than dissolved. Considering the current state of affairs, it would cost (as at 31 December 1986) US$ 673,845.69 to dissolve or to revive. (This amount in fact grows by US$ 56,570.49 per month. Hence the actual expenditure to be incurred either at dissolution or resuscitation will be: US$ 673,845.69 plus US$ 56,570.49 multiplied by the number of months after 31 December 1986 the action is taken). At the same time revitalization would result in annual maintenance of the Association to the tune of $US 573,238.00 the equivalent of a truncated annual budget.

30. Now, while dissolution would in absolute terms appear less burdensome, in that the US$ 673,845.69 plus would be a once-and-for all expenditure, it would at the same time, deprive Africa of an instrument of development just when the continent needs such an instrument.

31. On the other hand, while revitalization and maintenance of the Association would in absolute terms and in the long-run cost more than dissolution, it should be noted that, if revitalized, PATPO would be able to mobilize additional development resources through its programme of international cooperation. As well, it will be able to render to the member States the services for which it was set up, together with those assigned to it under the Lagos Plan of Action.

32. These additional resources and the services the Association would render to Africa would more than offset its revitalization and maintenance costs. This becomes easily apparent from the results of the 1984-1986 Joint PATPO/ITC Integrated Trade Development Project. For that Project, the ITC made available to the Association a sum of some $US 300,000. At the end of the Project, apart from training some trade promotion officials of the member States, actual intra-African trade flows valued at more than $US 3,000,000 had been generated with the modest sum of $US 300,000 a rate of success of 1UF 100 for every dollar invested.

33. At this rate of success, Africa stands to realize intra-African trade flows of not less than $US 100 million in the period 1987-1991, for arrangements for in fact underway for the Association to receive more than US 1,000,000 through international co-operation for financing the direct intra-African trade development component of its 1987-1990 medium-term programme of work.

34. For the foregoing reasons, the Secretary-General strongly recommends to the Honourable Ministers that ATPC be revitalized and maintained and ardently hopes that Their Excellencies will concur.